



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Senior Executive Service Performance Management Plan

BACKGROUND

A system that was results-oriented was central to the original vision of the Senior Executive Service when it was created by the Civil Service Reform Act (CSRA) in 1978. The CSRA intended that SES performance management systems:

- “Ensure accountability for honest, economical, and efficient Government”
- “Assure that senior executives are accountable and responsible for the effectiveness and productivity of employees under them”
- “Ensure that compensation, retention and tenure are contingent on executive success which is measured on organization performance”
- “Recognize exceptional accomplishment”

The Government Performance and Results Act (GPRA) of 1993 validated this original vision and challenged Government programs and managers to focus on results and accountability for those results.

In response to stakeholders’ concerns that the regulations discouraged results-oriented performance management, and in an effort to strengthen SES performance management systems, OPM amended its regulations in October 2000. The new regulations give the Department of Health and Human Services more flexibility to reinvigorate our SES performance management systems and ensure a focus on results over process. In addition, the National Defense Authorization Act of 2003 created the SES pay-for-performance system and required OPM to create new regulations and guidance for agencies in implementing pay raises and performance appraisals. These regulations are designed to build alignment with agency performance imperatives and eliminate inequities in how raises and awards are given. In accordance with both the new pay system and directives from the President’s Management Agenda, OPM then released updated 2004 regulations tying pay more directly to both individual and agency performance.

This document serves as the Department’s performance management plan for members of the Senior Executive Service (SES) and replaces HHS Instruction 430-6, Performance Management for Member of the Senior Executive Service, dated September 2001. This plan was approved by the Office of Personnel Management on October 19, 2004.

Note: Nothing in this Plan shall be construed in a manner that is inconsistent with the Inspector General Act of 1978, 5 U.S.C. App. (as amended). For the purpose of this Plan, the Office of Inspector General (OIG) shall be considered an “agency”, the Inspector General shall be considered the agency head

I. PURPOSE AND AUTHORITY

This guide constitutes the Department of Health and Human Service's (DHHS) plan for planning, monitoring, appraising, and recognizing the performance of members of the SES.

Title 5 United States Code, Section 4312, requires that each agency establish one or more performance appraisal systems that hold senior executives accountable for their individual and organizational performance in order to improve the overall performance of Government.

The revised SES performance appraisal plan in DHHS will establish a meaningful and more efficient SES performance appraisal process that will:

- Expect excellence in senior executive performance;
- Link individual and organizational performance management with results-oriented goals that are linked to the Department's outcome goals and management objectives and to Operating and Staff Division strategic goals;
- Set and communicate specific individual and organizational performance requirements that align with the Department's and organization's goals and expectations;
- Focus on individual performance requirements that are demonstrable, measurable, and observable and have tangible outputs, outcomes, milestones, and/or deliverables;
- Systematically appraise senior executive performance using measures that balance organizational results with customer, employee or other perspectives;
- Use individual and organizational performance results to make meaningful distinctions among executives; and
- Use performance results as a basis for pay, awards, development, retention, removal, and other personnel decisions.

Oversight

The Assistant Secretary for Administration and Management will be responsible for ensuring oversight of the SES performance management program, with the assistance of each OPDIV-level Performance Review Board Chairperson for their respective organization. These individuals are responsible for conducting an annual assessment of their OPDIV's performance; issuing performance guidelines based on that assessment; certifying that the results of the appraisal process makes meaningful distinctions based on relative performance and are consistent with those guidelines as well as other relevant considerations; and assuring that pay adjustments, cash awards, and levels of pay based on the results of the appraisal process accurately reflect and recognize individual performance and/or contribution to the agency's performance.

II. GUIDELINES

Coverage: These guidelines apply to all DHHS SES members (including the Office of the Inspector General): career, limited term, limited emergency, and non-career appointees and those Presidential appointees who elect to retain SES benefits.

References:

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| • 5 U.S.C. 4311-4314 | SES Performance Appraisals |
| • 5 U.S.C. 5382 | SES Pay |
| • 5 C.F.R. Part 430, Subpart C | Managing SES Performance |
| • 5 C.F.R. Part 359 | Removal from SES |
| • 5 C.F.R. Part 451 | Awards |
| • 5 C.F.R. Part 534, Subpart D | Pay and Performance Awards under SES |

Definitions:

Appraisal period means the established period of time for which a senior executive's performance will be appraised and rated. The appraisal period begins each October 1 and ends the following September 30. The minimum appraisal period is 90 days.

Balanced measure means an approach to performance measurement that balances organization results with the perspectives of distinct groups, including customers and employees.

Critical element means a key component of an executive's work that contributes to organizational goals and results and is of sufficient importance that performance below Fully Successful requires remedial action and may be the basis for removing or reducing the pay of an employee. All elements in the performance plan are critical.

Performance-agreement means a written description of the executive's individual objectives that he/she is expected to accomplish during an appraisal period. These objectives are linked to specific program and management outcomes and are linked to the Department and OPDIV's strategic plans. These objectives cascade from the OPDIV Head's performance plan and are cascaded, as appropriate, to subordinate executives.

Performance management system means the framework of policies and practices established for planning, monitoring, developing, evaluating, and rewarding both individual and organizational performance and for using resulting performance information in making personnel decisions.

Performance requirement means a statement of the performance expected to meet the Fully Successful level for a critical element. A performance requirement may include, but is not limited to factors as quality, quantity, timeliness, and manner of performance.

Performance Self-Assessment is a brief written summary that the executive prepares describing how he/she accomplished the performance goals in his/her performance plan during the appraisal year. It is prepared at the end of the appraisal period. The

performance self-assessment is forwarded to the executive's immediate supervisor and is attached to the initial summary rating. A self-assessment is the executive's opportunity to document his or her accomplishments (results) achieved during the appraisal period.

Progress review means a review of the senior executive's progress in meeting the performance requirements. At least one progress review must be conducted and this review normally takes place midway through the appraisal cycle. A progress review is not a performance rating.

Rating Official is an executive's immediate supervisor who is responsible for informing the executive of the critical elements of his/her position, establishing performance requirements, appraising performance, and assigning the initial summary rating.

Ratings:

Initial summary rating means an overall rating level the immediate supervisor derives from appraising the senior executive's performance during the appraisal period and forwards to the Performance Review Board.

Annual summary rating means the overall rating level that an OPDIV Head assigns at the end of the appraisal period after considering a Performance Review Board's recommendations. This is the official rating.

Relative Performance means the performance of a senior executive with respect to the performance of other senior executives across the agency.

Senior executive performance plan (hereafter referred to as performance plan) means the written summary of work the senior executive is expected to accomplish during the appraisal period and the requirements against which performance will be evaluated. The plan includes executive leadership responsibilities and a performance agreement. The performance agreement must contain specific and measurable expectations that link to goals established in HHS and OPDIV strategic planning initiatives, assessment tools, and other measures linked to agency goals and objectives.

Strategic planning initiatives are agency strategic plans, annual performance plans, organizational work plans, Presidential initiatives, Department and agency goals, and other related initiatives.

III. SES PERFORMANCE MANAGEMENT

To encourage excellence in senior executive performance, the Department has established this performance management plan, which sets the policy for managing performance of HHS SES members. This HHS performance management system provides for:

- Planning and communicating performance requirements that are linked to strategic planning initiatives;
- Alignment with the HHS strategic program and management goals;
- Consultation with senior executives on the development of performance elements and

- requirements;
- Monitoring progress in accomplishing elements and requirements;
- At least annually, appraising each senior executive's performance against their critical elements and performance requirements using measures that balance organizational results with customer and employee perspectives; and
- Using performance information to adjust pay, reward, reassign, develop, and remove senior executives or make other personnel decisions;
- Issuance of annual performance evaluation guidelines that incorporate the results of the Agency's organizational assessment in each major program area; and
- Continuous evaluation and improvement of the SES performance management plan

Appraisal Period:

- In HHS, the minimum appraisal period is 90 days. A written summary rating must be prepared on an annual basis after completion of the minimum appraisal period.
- The standard HHS SES performance appraisal cycle is based on the fiscal year. An individual performance period begins when the executive is given a written performance plan signed and dated by the supervisor.
- An executive's appraisal period may be terminated and his/her performance rated after the 90-day minimum period, provided there is an adequate basis on which to appraise and rate the senior executive's performance.
- Appraisals will not be prepared for executives within 120 days after the beginning of a new President's term of office.
- Appraisals will not be prepared for executives who have not served under an SES performance plan for at least 90 days. If an executive cannot be rated for this reason and has no other rating of record for the current appraisal period, the rating period will be extended for as long as necessary to meet the minimum appraisal period at which time a rating will be prepared.

Summary Performance Levels:

In HHS the performance management system has four summary performance levels. The performance management system creates and allows for meaningful distinctions between levels of performance.

Exceptional (E):

The executive performed as a model of excellence by exceeding all expectations. Indicators of performance at this level include measurable improvements in program performance that exceed defined goals, as described in the annual performance plan and as measured by appropriate assessment tools; increased staff productivity; improved customer and employee satisfaction; and demonstrated flexibility and adaptability in dealing with and responding productively to changing priorities, unanticipated resource shortages and externally driven deadlines. The executive consistently demonstrated the

highest level of integrity and accountability in achieving HHS program and management goals. The executive's contributions had impact beyond his or her immediate purview. The executive exerted a major positive influence on management practices, operating procedures or program implementation, which contributed substantially to organizational change, growth and recognition.

Fully Successful (FS):

The executive met all expectations with solid, dependable performance. All program objectives were met, as described in the annual performance plan and as measured by appropriate assessment tools; employee satisfaction indicates a positive organizational climate; customers are satisfied with program results; and the executive successfully resolved operational challenges without the requirement for higher level intervention. The executive consistently demonstrated the highest level of integrity and accountability in achieving HHS program and management goals. The executive took follow-up actions based on performance information available to him/her and pinpointed improvement opportunities to achieve organizational results and improve employee and customer perspectives.

Minimally Successful (MS):

The executive had difficulties in meeting expectations. Actions taken by the executive were sometimes inappropriate or marginally effective and did not significantly contribute to any positive results achieved. While working relationships may be generally sound, the executive's impact on program performance, employee productivity, morale, organizational effectiveness and/or customer satisfaction needs improvement, as described in the annual performance plan and as measured by appropriate assessment tools. **Immediate improvement is essential.**

Unsatisfactory (U):

The executive failed to meet expectations. Repeated observations of performance indicated negative consequences in key outcomes (e.g., quality, timeliness, business results, customer satisfaction, morale, etc.), as described in the annual performance plan and as measured by appropriate assessment tools. Performance is grounds for reassigning or removing the executive from the SES.

Method for Deriving Summary Ratings:

Each executive's performance will be appraised by the rating official at least annually based on a comparison of actual performance with the written critical elements and the performance requirements that constitute the performance plan. The rating official must also follow guidance given by the Assistant Secretary for Administration and Management with regard to overall agency performance and how appraisals should be impacted by the assessment. Though there may be exceptions, overall SES appraisals within each agency must be consistent with the formal assessment of that agency's performance.

Summary ratings will be derived as follows:

Exceptional: All critical performance elements rated as Exceptional.

Fully Successful: All critical elements are rated as at least Fully Successful and criteria for Exceptional is not met.

Minimally Satisfactory: One or more performance elements rated as Minimally Satisfactory.

Unsatisfactory: One or more critical performance elements rated as Unsatisfactory.

IV. PLANNING AND COMMUNICATING PERFORMANCE

An individual senior executive performance plan is established annually for each member of the SES. The HHS SES Performance Plan attached to this guide will be used for all SES members.

At or before the beginning of the appraisal period, the rating official and the senior executive shall discuss the organization's desired program and management outcomes as well as the individual performance objectives that the executive should be focusing his/her efforts toward, and will be held accountable for, during the upcoming appraisal period. Each executive will actively participate in developing his/her performance agreement for the appraisal period and identifying his/her specific program and management outcomes. Additionally, each executive will ensure that agreed upon goals will be cascaded to subordinate supervisors and staff throughout their portion of the organization. These cascaded goals will reflect organizational as well as individual performance. The final authority for establishing the performance plan rests with the rating official. Written performance plans are provided to the executive usually within 30 days of the beginning of the appraisal period, which runs from October 1 to September 30. A second level review of the performance plan is not required but is encouraged to ensure consistency with organizational goals and objectives. The supervisor and the executive will sign and keep a copy of the performance plan.

In developing the performance plan, the rating official and the senior executive shall use guidance provided by the White House, Office of Management and Budget, Office of Personnel Management, and other Federal agencies. Consideration must also be given to sources to be used for measuring customer and employee perspectives.

The HHS Senior Executive Performance Plan

The HHS performance plan has the following parts: (1) Executive leadership in support of agency strategic initiatives (which is a critical element); and (2) Performance Agreement that includes specific individual management and program outcomes that will contribute to the success of the Department's and OPDIV's strategic plans. Each outcome/result in the Performance Agreement will be a critical element.

Executive Leadership in Support of Agency Strategic Initiatives:

The Executive Leadership critical element describes successful performance in executive responsibilities that are common to most HHS executives. All HHS executives will be responsible for achieving performance excellence by demonstrating executive responsibilities such as those listed below:

Executive Leadership

Demonstrates integrity, sound judgment, and the highest ethical standards of public service. Develops, prioritizes and aligns strategies, objectives and goals taking into account key influences on organizational performance. Successfully leads and facilitates organizational and management change during ongoing transitions, effectively communicating the Department's mission, core values, and strategic goals to employees and other stakeholders and responding creatively to changing circumstances. Manages through the efficient allocation and use of all human, financial, and other resources. Takes steps to prevent waste, fraud, and abuse and instill public trust. Creates and sustains a positive workplace that inspires others to support the Department's mission and goals. Safeguards the workforce, infrastructure, and workplace to prepare for and mitigate negative consequences that may affect citizens, staff, data, facilities and business of the Department.

Employee Perspectives

Demonstrates the importance of employee satisfaction in successfully accomplishing DHHS' mission. Adheres to merit system principles to ensure that employees are treated in a fair and equitable manner. Motivates employees to achieve high performance through empathetic, open, and honest communication by involving them in decision making and ensuring, to the extent possible, that they have the tools and training to perform their jobs. Creates an environment of continuous learning, pursuing developmental opportunities for self and others, with the intent to increase individual and organizational effectiveness. Develops and recognizes employees so that they realize their full potential. Effectively uses ongoing feedback, coaching, mentoring, and timely evaluation of performance to promote cooperation, teamwork, knowledge and skill sharing, and goal accomplishment. Supports labor/management partnership, acts on employee concerns promptly, and takes corrective action to maintain a high quality work environment in which everyone is treated with respect.

EEO & Diversity

Exercises leadership and appropriate managerial actions to ensure that all programs under the executive's direction reflect the principles of workforce diversity in management and operations in such area as recruitment and staffing, employee development, staff assignments and communications. Demonstrates personal commitment to the objectives of workforce diversity and ensures that subordinate supervisors recognize the importance of their diversity enhancement responsibilities. Promptly cooperates with EEO counselors, investigators, and other officials who are responsible for conducting inquiries into EEO complaints. Monitors work environment to prevent instances of prohibited personnel actions including discrimination and/or sexual harassment.

Customer Perspectives

Demonstrates the importance of customer focus as a critical component of DHHS' mission. Listens to customers, gathering their feedback, actively seeking to identify their needs and expectations, and effectively communicating those needs and expectations to

employees. Insures that employees do the same and that they are prompt, professional, fair and responsive to the circumstances of individual customers, to the extent possible. Continuously evaluates organizational performance from a customer's point of view.

Coalition Building and Communication

Builds alliances and effectively communicates to advance the Department's mission and objectives. Where appropriate, cultivates alliances with internal/external groups (e.g., other agencies, Congress, consumer groups, the public, the media, State and local governments, Indian tribes, minority groups, and the international community, etc.). Makes clear and convincing oral presentations to individuals and groups, facilitates an open exchange of ideas and fosters an atmosphere of open, two-way communication.

The Performance Agreement:

The performance agreement critical elements describe specific end-results that the executive and the organization are accountable for achieving. The agreement will be based on a cascade approach, beginning with the Department's outcome goals and management objectives. These objectives must be incorporated into the performance agreement of the appropriate senior executives who report directly to the Secretary, HHS. The performance goals of those executives must then be incorporated, where appropriate, into the performance goals of the next level of senior executives who report to them. This cascade must continue down to include every senior executive, their subordinate supervisors and in turn, subordinate staff. The performance agreement elements link measurable outcomes/results, for a particular job, to an organization's goals and objectives. The outcomes/results should be stated clearly enough so that the rating official, executive and subordinate staff know what is expected and whether these goals can be measured and are attainable.

Guidelines for Writing Well Constructed Performance Agreements:

A tip for establishing performance agreement is to use the term **SMART**:

- Specific duties or expectations
- Measurable outcomes that show duties are being achieved to a standard
- Achievable but challenging goals
- Responsibility for particular tasks
- Timeframes for particular duties or responsibilities

Limit the performance agreement outcomes to the most important ones, usually 5 or 7. Maintain a "line of sight" to the OPDIV and HHS mission, goals, and objectives. Describe these outcomes in terms of what should be accomplished to meet the "fully successful" level of performance. The performance agreement must identify the internal/external groups, organizations, etc. the executive will collaborate with to accomplish agency cross-functional goals.

V. MONITORING PERFORMANCE

Progress Reviews

There should be continuous feedback between the senior executive and his/her supervisor. At a minimum, one progress review shall be held between the rating official and the senior executive. Along with providing an interim assessment of performance, this provides an opportunity to document changes to the performance plan that reflect changing organization mission and priorities, as well as changing assignments of the executive. The supervisor will:

- Provide written documentation if performance progress on any critical element is less than fully successful. Documentation must show progress, deficiencies, and steps taken or needed to bring performance to fully successful.
- Discuss with the executive and document any changes to performance goals that may be necessitated by such factors as new program requirements, changes in resource levels, etc.
- Consider any guidance provided by the Assistant Secretary for Administration and Management.
- Discuss performance information from various sources to assist the executive in tracking and achieving organizational results, and employee and customer satisfaction.

The supervisor and the senior executive will sign and keep a copy of the progress review.

Employee Assistance

Assistance will be provided to improve an executive's performance if rated below the "Fully Successful" level on any element. Assistance may also be provided to executives with higher ratings who seek help to improve their performance. Such assistance may include, but is not limited to, formal training, on-the-job training, counseling, and closer supervision.

VI. FORMAL ASSESSMENT

By September 30 each year, the Assistant Secretary for Administration and Management (ASAM) will coordinate a formal assessment of the Department's performance. This assessment will evaluate the performance of the Department overall, as well as the individual OPDIVs. The ASAM will consider appropriate strategic planning initiatives (as identified in Section II of this plan), feeder reports submitted by OPDIVs in preparation of the HHS Performance and Accountability Report (PAR), and other appropriate measures and indicators of performance. At this time, the ASAM in consultation with the Secretary will issue guidance for bonuses and performance increases for that year's performance cycle. Such guidance will not place quantitative limits on the number of ratings at any given rating level. The assessment and guidance will be communicated to OPDIV PRB chairs who will in turn issue guidelines for the appraisal process to their rating and reviewing officials and PRB members.

VII. APPRAISING PERFORMANCE

Annual Appraisals:

Each executive's performance will be appraised by the rating official at least annually based on a comparison of actual performance with the written critical elements and performance requirements that constitute the performance plan. At a minimum, a senior executive will be appraised on the performance of the critical elements in the performance plan.

Appraisals of senior executive performance will be based on both individual and organizational performance, taking into account such factors as:

- Measurable results achieved in accordance with identified strategic planning initiatives;
- Customer perspectives;
- Employee perspectives;
- A formal assessment conducted by the ASAM that compares the agency's performance;
- Performance assessment and evaluation guidelines issued by the ASAM;
- The effectiveness, productivity and performance quality of the employees for whom the executive is responsible; and
- Meeting affirmative action, equal employment opportunity, and diversity goals and complying with the merit system principles set forth under section 2301 of title 5, United States Code.

Details and Job Changes:

The attached Guide for Non-Standard Situations (**Exhibit 2**) provides guidance on procedures that apply to performance plans, initial summary ratings and annual summary ratings in non-standard situations.

VIII. RATING PERFORMANCE AT THE END OF THE APPRAISAL PERIOD

Prior to October 31 of each year, the rating official will meet with the executive to discuss the recommended initial summary rating and, if applicable, any needed improvement assistance.

Completion of the Executive's Performance Self-Assessment

By September 30, each SES member will prepare a self-assessment describing his/her individual overall performance for the appraisal period. The narrative assessment **should not exceed 4 pages** and should reflect performance outcomes/results for the Executive leadership responsibilities and the Performance Agreement. The self-assessment will be incorporated into the performance plan prior to the rating official's assignment of an initial summary rating.

Initial Summary Rating:

The rating official will consider the executive's self-assessment and input from previous supervisors or others, where applicable. The rating official provides his/her own assessment of the executive's performance against the written performance plan and requirements. The rating official recommends a rating for each element and must provide written documentation for any element that is rated Exceptional (E), Minimally Successful (MS), and Unacceptable (U). The rating official will assign an initial summary rating of the senior executive's performance, in writing, and share that rating with the senior executive. In assigning that rating, the rating official should keep in mind the overall agency's performance assessment..

Higher-Level Review:

If the executive disagrees with the initial summary rating, the rating official must advise the executive of his/her right to respond in writing to the rating. Before the rating is reviewed by the Performance Review Board (PRB), the executive must be advised of his/her right to request a higher-level review of the rating. However, if the executive reports directly to the Secretary or an OPDIV Head, the executive cannot request a higher-level review, but may provide a written response to the rating to the PRB. All requests for higher-level review will be in writing.

The higher-level official cannot change the rating official's initial summary rating, but may recommend a different rating to the PRB and the OPDIV Head.

Copies of the reviewer's finding and recommendations will be given to the executive, the rating official and the PRB.

PRB Review:

The initial summary rating, the senior executive's response to the initial rating, and the higher level official's comments will be given to the OPDIV PRB. The PRB will review these documents along with the formal assessment of the agency from the ASAM. After this review, the PRB will make recommendations to the OPDIV Head.

Annual Summary Rating:

The OPDIV Head will assign the annual summary rating of the executive's performance, in writing, after considering any PRB recommendations. This rating is the official rating. The executive will be given a copy of his/her final rating.

Extending the Appraisal Period:

If an OPDIV is not able to prepare an annual summary rating at the end of the appraisal period because the senior executive has not completed the minimum appraisal period or for other reasons, the OPDIV will extend the executive's appraisal period. The OPDIV Head will then prepare the annual summary rating after PRB review.

Appeals:

The executive may not appeal the final rating. A career appointee, however, may file a complaint with the Office of the Special Counsel of the Merit Systems Protection Board on any aspect of the rating process that the individual believes involve a prohibited personnel practice or pursue EEO counseling for an alleged violation of the Civil Rights Act.

IX. USING AND COMMUNICATING PERFORMANCE RESULTS

Aligning Organizational Assessment with Executive Performance

The success of HHS as a whole in meeting its organizational goals will have a direct effect, either positive or negative, on OPDIV performance awards. Organizational performance will be assessed by the PRB Chairs based on appropriate strategic planning initiatives and assessment tools. Executives will use the performance information to pinpoint areas needing improvement and track their progress in achieving organizational goals, and improving employee and customer perspectives.

In general, individual ratings will be based on and aligned with the overall rating of the agency. Individual appraisal results and the extent of the executive's contributions to meeting or failing to meet organizational goals constitute the primary factors considered when making pay adjustments and other personnel decisions. The highest performing executives will receive the highest pay increases and bonuses. OPDIVs that have done well in meeting their goals should have higher performing executives while OPDIVs with lower formal assessments will be expected to grant fewer bonuses and pay increases. Performance information will also be a factor in assessing an executive's continuing development needs.

Actions Based on Exceptional or Fully Successful Performance:

- ***SES Performance Bonuses:*** (a) Career executives whose performance is Exceptional will be considered for SES bonuses. Individual appraisal results and the extent of the executive's contributions in assisting the organization in meeting its goals constitute the primary factors considered by the Performance Review Boards when proposing bonus nominees. Exceptional executives may be considered for performance bonuses of up to 12 percent of base salary. (b) Fully Successful executives may be considered for bonuses of up to 7 percent, provided no Fully Successful executive gets a higher bonus than any Exceptional executive and only after all Exceptional executives are considered. The HHS Secretary may adjust the percentages in (a) and (b) annually.
- ***SES Pay Increases:*** Individual performance that contributed to the agency's performance or an individual's unique skills, qualifications, or competencies that are critical to the agency's mission are among the key factors considered in the annual review to determine upward adjustment of SES pay rates. (a) Exceptional performers may be considered for pay increases of up to 6 percent of base salary. (b) Fully Successful performers may be considered for pay increases of up to 4 percent of base salary; however, no Fully Successful executive will receive a higher increase than any

Exceptional executive. Secretarial approval is required for all pay increases that would raise salary above Executive Level III for any Fully Successful employee. The HHS Secretary may adjust the percentages in (a) and (b) annually.

- ***Presidential Rank Awards:*** The selection of career nominees for Presidential Rank Awards is based on records of performance over multiple year periods.
- ***Incentive Awards:*** Authority to grant special act or service awards may not be used for granting cash awards based on sustained superior performance, i.e., such awards are not to be substituted for bonuses or rank awards.

Actions Based on Less than Fully Successful Performance:

- ***During the Appraisal Period:*** If performance on any critical element is determined to be Minimally Successful or Unsatisfactory, that determination will be documented following a progress review and written notification of such findings provided to the executive. The documentation will include identification of the critical element(s) and performance requirement(s) involved, and a narrative description of the performance in comparison to the requirement(s). Additionally, assistance to enable the executive to raise the performance to the Fully Successful level will be provided. Such assistance may include, but is not limited to, formal training, on-the-job training, mentoring, counseling and closer supervision. The assistance to be provided will be summarized on the DHHS SES performance plan form.
- ***At the End of the Appraisal Period:*** If performance on any critical element continues to be rated at the Minimally Successful level, consideration will be given to a reassignment action.

If an executive whose performance was found to be Fully Successful on the progress review is rated Minimally Successful or Unsatisfactory on the final appraisal, the executive will be given assistance in the subsequent appraisal period to raise his/her performance to Fully Successful. The documentation and assistance required during the appraisal period, as described above, apply.

An executive who receives an Unsatisfactory annual summary rating must be reassigned or transferred within the SES or may be removed from the SES. However, any executive who receives two Unsatisfactory annual summary ratings in any 5-year period, or two less than Fully Successful ratings in any 3-year period must be removed from the SES.

Reducing Basic Rate of Pay of Senior Executives

- The pay level of any executive whose performance is rated less than Fully Successful will be reviewed and considered for a downward adjustment.
- The PRB Chair must review and recommend to the OPDIV Head any determinations to reduce the basic pay of a senior executive. The OPDIV

Head shall not reduce the basic rate of pay more than 10 percent of the senior executive's current basic rate of pay.

- The senior executive shall receive a written notice of the reduction at least 15 days prior to the effective date and the notice will inform the senior executive of his/her reconsideration rights.

Exception to the 12-Month Rule

An OPDIV may request Departmental approval for an exception to the 12-month prohibition on adjusting the basic pay for a SES, if the pay increase is based on improved performance to the FS level following a reduction in pay based on performance.

Communicating Performance Results

OPDIVs will communicate the results of their rating and recognition decisions to their senior executives and are encouraged to publicly recognize their top performers.

X. PERFORMANCE REVIEW BOARDS (PRBs):

Each OPDIV will establish one or more PRBs to make recommendations on the performance of its executives.

PRB Membership:

Each PRB will have three or more members who are appointed by the OPDIV Head. PRB members must be appointed in such a manner as to assure consistency, stability, and objectivity in appraising performance. To achieve this objective, OPDIVs may include members from different OPDIVs, from both headquarters and the field, and from different functional disciplines. PRB membership should be representative of the OPDIV's SES workforce and include minorities and women.

The OPDIV Chairperson will provide guidance to the PRB to ensure the accountability of the SES performance system through alignment of SES ratings with agency performance.

PRBs may include all types of Federal executives (e.g., noncareer appointees, Commissioned Corps or military officers, as well as career appointees) from both within and outside the Department.

When appraising career appointees, or recommending performance awards for career appointees, more than one-half of the members of a PRB must be SES career appointees.

PRB appointments must be published in the *Federal Register* before service begins. OPDIVs may appoint individuals to a standing PRB roster, publish their names in the *Federal Register*, and then make up specific PRBs from this roster.

PRB Functions:

Each PRB must review and evaluate the initial summary rating, the executive's response, and the higher level official's comments on the initial summary rating, and conduct any further review needed to make its recommendations.

The PRB must make a written recommendation to the OPDIV Head about each senior executive's annual summary rating. The PRB will also make written recommendations for any performance bonuses, pay adjustments, Presidential Rank Awards, etc.

Individual PRB members must absent themselves from discussions and action involving them in order to avoid the appearance of any conflict of interest. Members must be excluded from actions involving their own supervisors and may be excluded from those involving their subordinates. A majority of remaining Board members must be SES career appointees when acting on a career appointee's appraisal or performance bonus recommendation.

XI. TRAINING

Training in developing performance plans (performance agreements and performance self-assessments), conducting progress reviews, assigning appraisals and using appraisals as a key factor in making other management decisions will be provided by OPDIVs to executives covered by this Plan and to senior staff who manage the executives. Training will be designed to assure that the performance management process operates effectively. OPDIVs will establish specific training requirements.

XII. RECORDKEEPING AND RECORD USES

As part of monitoring performance, supervisors may make notes on significant instances of performance so that the instances will not be forgotten. Such notes will not be required by or under the control of the Department or any of its components. Such notes are not subject to the Privacy Act or accessible under the Freedom of Information Act as long as they remain solely for the personal use of the supervisor, are not provided to any other person, are not used for any other purposes, and are retained or discarded at the supervisor's sole discretion. NOTE: If the supervisor bases a performance appraisal in part or in full on specific information from such notes, then that information will be recorded on or attached to the official appraisal form. Information on or attached to the form will be subject to the Privacy Act.

The retention, maintenance, accessibility, and disposal of performance records as well as supervisors' copies will be in accordance with Office of Personnel Management regulations. Performance records must be retained for five years and transferred with the executive's Official Personnel Folder when the executive transfers to a new organization in HHS or to another agency.

XIII. MONITORING AND EVALUATING THE SYSTEM

The Office of the Assistant Secretary for Administration and Management, Office of Human Resources, has responsibility for the ongoing review of the operation of performance management throughout the Department and for implementing program improvements.

OPDIVs, in assessing the effectiveness of their overall executive resource management programs, should consider the extent to which the SES performance management system is contributing to program objectives. System improvement efforts should be instituted as necessary within the framework of Department requirements.

GUIDE FOR NON-STANDARD SITUATIONS

Situation	Performance Plan	Initial Summary Rating(s) and Annual Summary Rating
For whatever reason, executive did not have a plan at any time during the entire appraisal period, or did not perform against a plan for 90 days. For example, a member returning from long-term training.	Establish plan immediately	Extend appraisal period for the amount of time necessary to meet the 90 day minimum
Employee moves from GS to SES within 90 days of end of appraisal period.	Establish plan for SES position	Extend appraisal period for amount of time to meet 90 day minimum
Within 90 days of the end of the appraisal period, executive is reinstated from outside government to an SES position or appointed to an SES position in HHS from another Federal agency	Establish plan to cover 90 days for the position	Extend appraisal period until 90 days are reached, then rate based on the plan for that period. This is the annual summary rating.
Executive transfers from an SES position in another agency with an approved performance appraisal system to an SES position in HHS	Establish plan to cover remainder of appraisal period	Obtain summary rating transferred from former agency. This is the annual summary rating if the transfer occurred within the last 90 days. If 90 days or more remain in the appraisal period, the transferred rating must be considered along with the rating based on the plan for the new position when deriving the annual summary rating. If the transfer occurred within the last 90 days and no rating transferred, extend the appraisal period until 90 days are reached, then rate based on the plan for that period. This is the annual summary rating.
Executive changes SES positions within HHS during the appraisal period	Establish plan for new position	At time of each position change, rate based on plan if it had been in effect for at least 90 days. Annual summary rating for the appraisal period must consider all ratings made during that period.

Situation	Performance Plan	Initial Summary Rating(s) and Annual Summary Rating
Within 90 days of the end of the appraisal period, for reasons not related to performance, the executive is reassigned from one SES position to another	Establish plan for new position	Rate at time of reassignment if an SES plan was in place for at least 90 days in the old position, and use as annual summary rating for the appraisal period, unless there was another rating earlier in the period that must be considered. OR If executive cannot be rated in former position because he/she was not under a plan for at least 90 days, extend the period until 90 days are reached in the new position, then rate based on plan for that period. This rating is then the annual summary rating.
Executive is detailed or temporarily assigned to another SES position in HHS, and the time in that position is expected to be at least 90 days by the end of the appraisal period	Establish plan for new position	Rate at time of position change if a plan had been in place for at least 90 days. Also rate at end of temporary assignment if time in it lasted at least 90 days. Consider all ratings made during the appraisal period in preparing the annual summary rating.
Employee is detailed or assigned outside HHS (e.g., IPA assignment) and the time in the outside organization or agency is expected to be at least 90 days	Make reasonable effort to see that a plan is given the employee while in the outside entity	Rate at time of position change if a plan had been in effect for at least 90 days. Also make a reasonable effort to obtain performance information from that outside assignment, especially if employee did not have any HHS plan for at least 90 days during the appraisal period. Consider all ratings made during the appraisal period in preparing the annual summary rating.
Before the end of the appraisal period, executive goes on long-term training and does not return by the end of the appraisal period	N/A	Rate at time executive goes on training based on earlier plan if it had been in effect for at least 90 days.
Executive transfers to a new agency after serving under a plan for at least 90 days	N/A	Rate executive and transfer rating for consideration by new agency.